

FYI – For Your Information

Sales Tax Requirements for Small Home Businesses

Some home-based craftspersons or artists and many other kinds of small home business operators are not required to obtain a state sales tax license to legally comply with Colorado sales tax laws. You do not have to obtain the sales tax license if:

- You make occasional or isolated sales of tangible personal property from your home, **and**
- Your total sales are no more than \$1,000 per year.

However, you **must collect** state sales tax, and, if applicable, RTD, Cultural Facilities District, Football District and state-collected local tax on the gross sales price of each product you sell. Your total annual sales tax collection must be submitted to the Department of Revenue at the time your individual income tax return is due (April 15). If you file for an extension of time to file your income tax, you will also receive an extension of time to file your sales tax. Use Form DR 0100A "Retail Sales Tax Return For Occasional Sales" to report your sales tax collections. **NOTE:** You will not automatically receive Form DR 0100A. You must either contact the Department of Revenue at (303) 238-SERV (7378) or visit the Web site at www.taxcolorado.com to receive a copy of the form. [§39-26-103(9)(d), C.R.S.]

The sales tax license exemption outlined above does not apply to you if you or any member of your household is engaged in a trade or business outside the home where items are sold that are similar to those sold within your home. In this case, you

are required to obtain a Colorado sales tax license and to file a "Retail Sales Tax Return" (DR 0100) on a prescribed schedule.

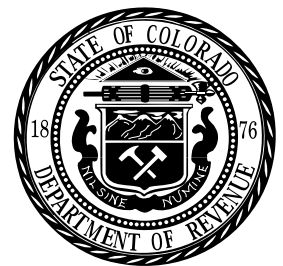
To determine the correct percentage of sales tax to collect, see DR 1002 "Colorado Sales and Use Tax Rates" located on the Web at www.taxcolorado.com or contact the Department of Revenue at (303) 238-SERV (7378). This list is updated in January and July each year. This publication also lists the home rule cities for which the state does not collect sales taxes. If your business is in a home rule city, contact your city officials to find out about local sales tax requirements. Colorado sales tax rates may also be located online by visiting the Web at www.taxview.state.co.us

FURTHER INFORMATION

See also: FYI Sales 62 "Guidelines For Determining When to Collect State-Collected Local Sales Tax and FYI Sales 9 "Sales Tax Licenses."

FYIs and commonly used forms are available on the Web at www.taxcolorado.com

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having authority to bind the Department, has not formally reviewed and/or approved these FYIs.



Colorado Department
of Revenue
Taxpayer Service Division
1375 Sherman St.
Denver, Colorado 80261

Forms and other services:
(303) 238-FAST (3278)
Assistance:
(303) 238-SERV (7378)
www.taxcolorado.com